



**TESTIMONY ON HB809 – Rep. William Glaser, Amended by Senate Finance
and Claims Committee Action
Senate Finance and Claims
April 2, 2007**

Chairman Schmidt and members of the committee, for the record, I am **Pete Carparelli, Executive Director of the Montana Quality Education Coalition.**

Thank you very much for allowing informational testimony during your executive action on HB809 sponsored by Representative Glaser, and amended by your committee.

Several actions of the Legislature have changed the school funding landscape since last we testified before this committee on HB809 as presented to you by Representative Glaser. What has not changed is the resolve of the Montana Quality Education Coalition to obtain significant progress by this 60th Legislative Assembly toward adequate funding for K–12 public education. What also has not changed is the willingness of MQEC to reconsider its litigation options should such funding be provided by the end of this legislative session.

To that end, we provide the following information for your consideration:

- (1) MQEC considers the sub-committee level of funding now included in HB809 to be inadequate.
- (2) MQEC considers funding at the Governor's proposed level also to be inadequate. We have testified to that conclusion throughout the session, even when we have supported several bills connected to the Governor's proposals.
- (3) Clearly, funding at either level does not approach adequacy or even a genuine phase-in step toward adequacy. Funding at either level will

cause many school districts to either seek additional funding from local taxpayers, thereby increasing local taxes, and/or to implement budget cuts. This would be evidence of the Legislature retreating from its obligation to adequately fund K-12 public schools, and would surely be grounds for MQEC to immediately reactivate its litigation that now stands before Judge Sherlock and Helena District Court.

MQEC resubmits for your information and consideration as amendment to HB809 the following:

I. Funding Request and Proposals

Education Community Consensus on K-12 Funding Proposals - February 23, 2007

The education community has carefully considered and is united behind the funding proposals referenced on this page. Taken together, these funding proposals will provide school districts with the funds necessary to continue to progress toward the provision of an education that is worthy of the definition of the basic system of free quality schools under section 20-9-309, MCA. These proposals represent our collective expectations and hopes for the 2007 Legislative Session. This is a unified proposal that is supported by the Superintendent of Public Instruction, the Board of Public Education, the Montana Quality Education Coalition, the Montana Rural Education Association, MEA-MFT, The Montana Association of School Business Officials, the School Administrators of Montana, and the Montana School Boards Association.

Item	FY08 Cost	FY09 Cost	Biennial Cost
Inflationary Adjustments of 2.76% and 3% for all general fund entitlements and present law and inflation for special education	\$17,616,672	\$33,699,258	\$51,315,930
Fulltime Kindergarten *	\$12,855,867	\$14,881,346	\$27,737,213
Increase quality educator payment by \$2,000 in FY08 and by another \$2,000 in FY09	\$24,715,598	\$49,431,196	\$74,146,794
Reverse Retirement Restriction for Employees Paid with Federal Funds	\$3,182,403	\$3,277,875	\$6,460,278
Intervention strategies (e.g. could be used for early childhood in elementary grades, dropout retrieval in the high schools, etc.) funding at greater of \$100 per ANB or \$1,000 (inflation-adjust in second year).	\$14,600,000	\$15,038,000	\$29,638,000
Competitive grants administered by OPI for early childhood education	\$2,773,721	\$2,773,721	\$5,547,443
Fund Gifted and Talented Funding at greater of \$35 per ANB or \$350 (inflation-adjust in second year)	\$4,501,624	\$4,457,684	\$8,959,308

Increase funding for Indian Education for All to the greater of \$50 per ANB or \$1,000	\$4,329,390	\$4,286,770	\$8,616,160
Provision of a distance learning technology payment of \$250 per pupil for 135 hours of instruction or \$500 for 270 hours of instruction.	\$161,250	\$325,000	\$486,250
Teacher Loan Repayment Program	\$324,000	\$675,000	\$999,000
Increase Rate of Reimbursement for Transportation and Provide State Reimbursement of Mileage within 3 Mile Limit	\$1,813,155	\$1,813,155	\$3,626,310
ESTIMATED TOTAL**	\$86,873,680	\$130,659,005	\$217,532,686

* We also support OTO startup funds of \$10 million as proposed by Superintendent McCulloch

** In addition to the funding increases supported above, we request that, in considering taxes, the Legislature and Governor should reflect on historic trends in taxation that have placed a disproportionate burden for funding schools on property taxpayers.

Funding Facilities Operations and Maintenance, Energy Cost Relief

MQEC believes the funding for facilities operations and maintenance, and for energy cost relief is proving out to be extremely helpful to the vast majority of schools and districts during the current school year. (See attachment: 2007 Legislative Agenda: Quality Schools for Every Montana Child, point 3). MQEC testimony on SB152 before House Education stated, "We urge an amendment to provide a new section to make the 2005 Special Session one-time-only funding for school facilities on-going and annually adjusted for inflation until the school year following completion of the statewide facilities study." This funding has enabled quality improvements of buildings, and has indirectly enabled quality enhancement of instruction as it allowed greater portions of school district budgets to be used in direct services to children. This funding will surely mitigate the cost of the statewide facilities liability determined by the statewide study – consider it paying forward or on installment.

The cost of this funding beyond the "Education Consensus..." is: \$25 million for the biennium.

In the alternative, MQEC recommends a facilities entitlement added to the BASE Aid that is calculated on cost per square foot of instructional space or as a per

ANB increase that is a cost-based proxy for square foot allocation. We have been unable to determine the cost statewide at this time, but using the figure from 2005 would be a good start.

Given recent legislative actions in the House, MQEC offers the following funding alternative for your consideration for inclusion in amendments to the iteration of HB809 now before you:

DISTRIBUTION TO SCHOOLS	MILLIONS/BIENNIUM
Early Childhood Programs	\$29.148
Early Childhood Programs Start Up (OTO)	10.000
Fed Retirement Cost Correction	6.440
Sp Ed (Maintenance of Effort; inflation)	5.902
Adult Basic Ed and Literacy	.500
Indian Education for All (@\$35 per ANB; OTO)	6.031
K-12 BASE Aid Inflation Adjustment	42.520
Per school entitlement	51.555
Raise Elem Basic Entitlement (\$35,000)	6.991
Quality Educator Component (\$4000/4120)	50.914
Eliminate ANB Decrement Loss	24.485
Teacher Loan Repayment (OTO)	.999
Facilities Operations and Maintenance	25.000
 Total for the Biennium	 \$260.485

Inflationary Adjustment

While MQEC supports the consensus on inflationary adjustments, it has testified in favor of a more suitable (more contemporaneous) CPI calculation in place of the current calculation that is less straightforward and does not accurately reflect

the inflationary factor impacting school costs at the time budgets are being determined.

Authorize Districts to Use the Money You provide

We have testified that districts at or near the maximum budget level are not able to put funds provided by the Legislature to the use for which they were intended unless those schools are given the authority to do so. Language such as that in HB363 (Ward) would achieve that very important goal without a cost to the State. Other methods of attaining or approaching that goal would be welcomed.

Impact on Local Taxpayers

Referring to the "footnote **" in the Education Consensus...,

** In addition to the funding increases supported above, we request that, in considering taxes, the Legislature and Governor should reflect on historic trends in taxation that have placed a disproportionate burden for funding schools on property taxpayers.

There is data showing that the rate of local taxpayer burden statewide has slowed considerably by the infusion of State funding during the 2005 Sessions. **MQEC encourages funding levels, share and mechanisms that continue to reduce the local tax burden.**

Although not directly tied to the mission of MQEC, funding cuts to the Office of Public Instruction cause us great dismay. The decimation of Indian Education for All funds alone is about 10% of the current OPI budget. Regarding OPI's request for funding for proposed services to our state, especially to the small, rural, and less wealthy districts, can anyone really imagine an effective state department of education without curriculum specialists in the area of basic skills? The fact that that portion of the OPI budget does not show up in HB809 seems to indicate that quality is not a consideration in this K-12 budget. **MQEC recommends that OPI have its funding restored to the level requested by Superintendent McCulloch.**

MQEC stands by the written testimony dated March 25, 2007 and provided to this committee on March 26, 2007.

“If the 2007 Legislature provides a funding package that addresses the proposals presented, and if the Legislature takes action to assure on-going interim discussions of subsequent phases of funding design, MQEC will consider the 2007 funding as being in accord with the Court’s recognition of the State’s right to phase in funding toward a goal of adequacy.”

“If funding by the 2007 Legislature meets the targets described in the proposals presented above, and if that funding is put into mechanisms that maximize their use by local school districts, the Montana Quality Education Coalition would consider the work of this Legislature as clear evidence of intent to phase in adequate funding, and would likely consider its litigation options in that light.”

HB 809 - Committee Study Bill Copy
Office of Budget and Program Planning Amendments

Distribution to Public Schools (09)			FY 2008	FY2009	
HB080920	Page A-1	Line 9	Change funding for Traffic Safety from GF to State Special		
			General Fund	\$ (750,000)	\$ (750,000)
			State Special	\$ 750,000	\$ 750,000
HB080921	Page A-1	Line 9	New Present Law Adjustment to Reflect New ANB		
				\$ 3,101,258	\$ 2,742,882
HB080922			Create new Separate Approp for At-Risk Funding		
	Page A-1	Line 9	BASE Aid General Fund		
				\$ (5,000,000)	\$ (5,000,000)
	Page A-2	After Line 4	New Line Item At -Risk Funding General Fund		
				\$ 5,000,000	\$ 5,000,000
HB080923	Page A-1	Line 9	Implement Governor's budget for K-12 Distribution		
		NP01	Full-Time Kindergarten	\$ 12,400,000	\$ 14,200,000
		NP39	Increase Quality Educator Payment to \$2,790	\$ 9,966,292	\$ 10,003,738
		NP39	Create \$55,000 Middle School Basic Entitlement	\$ (93,392)	\$ (94,026)
			Use State and Local Resources to Pay Retirement for		
		NP02	Federally Salaried Employees - SB 56	\$ 3,172,623	\$ 3,266,850
		NP1000	Divert School Land Royalties to Facilities Trust Fund - SB55	\$ 17,581,718	\$ 23,174,302
			Total	\$ 43,027,241	\$ 50,550,864
HB080924	Page A-1	Line 11	Special Education (Restricted)		
		NP7	Special Ed Base Aid Piece	\$ 179,932	\$ 338,225
		NP7	Inflate Special Education	\$ 1,086,013	\$ 2,299,042
	Page A-1	Line 15	School Facility Payment (Restricted)		
		NP23	School Facilities Reimbursement	\$ 1,097,744	\$ 1,097,744
	Page A-1	Line 21	Adult Basic Ed (Restricted)		
		NP13	Adult Basic and Literacy Education	\$ 250,000	\$ 250,000
			Total	\$ 2,613,689	\$ 3,985,011
OPI Administration (06)			FY2008	FY2009	
HB080901	Page A-1	Line 5	Eliminate Personal Services Adjustment - DP 6010		
			General Fund	\$ 31,590	\$ 33,381
			State Special	\$ 1,272	\$ 1,331
HB080934			Federal Special	\$ 65,733	\$ 69,279
	Page A-1	Line 5	Gifted & Talented Operating Expenses		
		PL33002		\$ 11,776	\$ 11,776
		NP34	Traffic Education 0.125 FTE HB 0002 State Special	\$ 4,046	\$ 4,052
					.125 FTE
	Page A-1	After Line 5	K12 Education Data Systems		
		NP6		\$ 1,866,814	\$ 1,592,133
	Page A-1	After Line 5	Curriculum Specialist Support to Quality Schools		
		NP8		\$ 959,700	\$ 924,816
					6.0 FTE
	Page A-1	After Line 5	Storage Area Network (SAN) Replacement - OTO		
		NP16		\$ 160,000	\$ -
			Total General Fund	\$ 2,998,290	\$ 2,528,725
			Total State Special	\$ 4,046	\$ 4,052
HB080935	Page A-1	Line 5	Remove Indian Education for All in BASE, A-1, Line 5		
				\$ (582,223)	\$ (582,223)
	Page A-1	After Line 5	Add IEFA from Page A-1, Line 5		
				\$ 582,223	\$ 582,223
		PL30	Indian Education for All Reestablished	\$ 573,200	\$ 573,200
		NP53	Indian Education Programs	\$ 509,928	\$ 510,147
			Total New Line for Indian Education for All	\$ 1,665,351	\$ 1,083,347
	Page A-1	After Line 5	Indian Ed for All Tribal Hisotry - Biennial - OTO		
		NP54		\$ 237,500	\$ 237,500
			Total OBPP amendments - General Fund	\$ 55,329,211	\$ 62,346,436
			Total OBPP amendments - State Special	\$ 755,318	\$ 755,383
			Total OBPP amendments - Federal	\$ 65,733	\$ 69,279

HB 809 - Committee Study Bill Copy**Office of Public Instruction Amendments**

			<u>FY 2008</u>	<u>FY 2009</u>
HB080927	<u>Page A-1</u>	<u>Line 9</u>	Increase Quality Educator Payment to \$4,000 and Inflate	\$ 24,638,320 \$ 26,116,619
HB080928	<u>Page A-2</u>	<u>After Line 4</u>	One-Time Money for Full Time Kindergarten	\$ 10,000,000 \$ -
HB080929	<u>Page A-2</u>	<u>After Line 4</u>	Apply Inflation to At-Risk Payment	\$ 5,138,000 \$ 5,293,000
HB080930	<u>Page A-1</u>	<u>Line 9</u>	Apply Inflation to Indian Achievement Gap Payment	\$ 98,796 \$ 196,872

Senator Wanzenreid's Amendments

HB080931	<u>Page A-1</u>	<u>Line 9</u>	Increase Indian Education for All Payment to \$35/ANB, Min = \$1,000	\$ 2,126,680 \$ 2,098,250
HB080932	<u>Page A-1</u>	<u>Line 9</u>	Increase Indian Education for All Payment to \$50/ANB, Min = \$1,000	\$ 4,311,760 \$ 4,254,140
HB080938	<u>Page A-2</u>	<u>Line 14</u>	If a bill is passed and approved that raises the Indian Education for All payment by: a) \$25 per ANB with a minimum of \$1,000 per district, then item a. is 462,476,291 in FY08 and 465,479,563 i b) \$35 per ANB with a minimum of \$1,000 per district then item a. is 463,932,986 in FY098 and 466,916,798 c) \$50 per ANB with a minimum of \$1,000 per district then item a. Is 466,118,066 in FY08 and 469,072,688 i	

Senator Lind's Amendment

HB080936	<u>Page A-1</u>	<u>After Line 5</u>	One-Time Only Funding for Gifted and Talented	\$ 1,000,000 \$ 1,000,000
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Senator Williams Amendment

HB080937	<u>Page A-1</u>	<u>After Line 5</u>	Create Mental Health Screening and Referral Program at OPI	\$ 112,583 \$ 106,713
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Senator Cobb's Amendment

HB080903	<u>Page A-2</u>	<u>After Line 4</u>	Room, Board and Transportation for Students in Failing Schools	\$ 450,000 \$ 450,000
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Legislative Fiscal Division

General Fund Agency Name	Executive Fiscal 2008	Executive Fiscal 2009	Senate Fiscal 2008	Senate Fiscal 2009	Passed Fiscal 2008	Passed Fiscal 2009	Current Fiscal 2008	Current Fiscal 2009	Ov/(Un) Executive
1104 Legislative Branch	9,507,883	9,666,163	9,907,747	9,666,023	434,175	170,846	10,341,922	9,836,869	1,004,745
2110 Judicial Branch	32,602,570	32,420,848	32,676,061	32,499,724	2,257,500	252,500	34,933,561	32,752,224	2,662,367
3101 Governor's Office	6,659,357	6,238,848	5,584,423	6,222,794	75,232	70,254	5,659,655	6,293,048	(945,502)
3202 Commissioner Of Political Practices	487,846	405,986	471,846	389,986	136,352	136,699	608,198	526,685	241,051
3401 State Auditors Office	-	-	-	-	5,000	-	5,000	-	5,000
3501 Office Of Public Instruction	635,171,797	649,437,324	584,248,222	587,812,204	-	-	584,248,222	587,812,204	(112,548,695)
4107 Crime Control Division	2,244,291	2,264,290	2,132,787	2,152,548	111,504	111,742	2,244,291	2,264,290	-
4110 Department Of Justice	28,889,465	25,980,935	28,864,988	25,963,436	1,302,671	410,695	30,167,659	26,374,131	1,671,390
5101 Board Of Public Education	210,716	215,810	203,003	208,097	-	-	203,003	208,097	(15,426)
5102 Commissioner Of Higher Education	168,396,490	168,260,499	165,442,759	167,017,648	3,288,105	1,468,038	168,730,864	168,485,686	559,561
5113 School For The Deaf & Blind	5,353,970	5,502,339	5,466,950	5,615,449	-	-	5,466,950	5,615,449	226,090
5114 Montana Arts Council	529,178	433,773	529,163	433,758	90,000	90,000	619,163	523,758	179,970
5115 Montana State Library	2,205,178	2,239,078	2,204,872	2,238,762	-	27,000	2,204,872	2,265,762	26,378
5117 Montana Historical Society	2,493,679	2,468,391	2,509,642	2,471,534	-	-	2,509,642	2,471,534	19,106
5201 Department Of Fish, Wildlife & Parks	639,032	616,612	-	-	690,000	690,000	690,000	690,000	124,356
5301 Department Of Environmental Quality	7,812,902	6,870,284	6,657,277	5,972,837	938,516	676,067	7,595,793	6,648,904	(438,489)
5401 Department Of Transportation	3,000,000	-	3,000,000	-	5,000	-	3,005,000	-	5,000
5603 Department Of Livestock	1,181,322	1,032,199	1,203,547	1,203,392	-	-	1,203,547	1,203,392	193,418
5706 Dept Of Natural Resources & Conservation	27,105,104	26,009,154	26,422,927	25,490,092	495,745	387,644	26,918,672	25,877,736	(317,850)
5801 Department Of Revenue	50,202,547	51,133,873	42,863,625	41,594,090	6,077,580	8,194,270	48,941,205	49,788,360	(2,606,855)
6101 Department Of Administration	15,724,402	13,969,683	6,790,193	6,693,983	1,910,069	103,187	8,700,262	6,797,170	(14,196,653)
6102 Appellate Defender	-	-	-	-	-	-	-	-	-
6106 Mt Consensus Council	75,632	76,507	81,099	82,001	(467)	(5,494)	80,632	76,507	5,000
6108 Office Of The Public Defender	19,195,625	19,099,124	16,240,400	16,937,424	3,030,225	2,236,700	19,270,625	19,174,124	150,000
6201 Department Of Agriculture	5,881,180	796,890	5,908,056	824,200	(4,513,847)	486,154	1,394,209	1,310,354	(3,973,507)
6401 Department Of Corrections	168,325,029	172,543,206	167,373,053	168,689,466	280,062	5,797,835	167,653,115	174,487,301	1,272,181
6501 Department Of Commerce	12,764,909	7,540,279	12,541,392	7,316,709	(2,776,504)	223,548	9,764,888	7,540,257	(3,000,043)
6602 Department Of Labor & Industry	2,170,431	2,180,260	1,792,669	1,802,054	377,549	377,987	2,170,218	2,180,041	(432)
6701 Department Of Military Affairs	5,355,000	5,309,309	5,048,434	5,018,725	290,000	290,000	5,338,434	5,308,725	(17,150)
6901 Dept Of Public Health & Human Services	375,191,753	391,681,971	378,625,486	405,967,730	454,207	(1,966,217)	379,079,693	404,001,513	16,207,482
Total All Agencies	1,589,377,288	1,604,393,635	1,514,790,621	1,530,284,666	14,958,674	20,229,455	1,529,749,295	1,550,514,121	(113,507,507)

	Fiscal 2007	Fiscal 2008	Fiscal 2009	Totals
Statutory Appropriations		148,719,000	148,864,000	297,583,000
Transfers		9,126,000	9,310,000	18,436,000
Total Authority in Other Bills		188,693,273	187,018,843	375,712,116
Total Proposed Spending		1,876,287,568	1,895,706,964	3,771,994,532
One-Time Only in Budget Bills		50,042,522	22,934,644	72,977,166
One-Time Only in Other Bills		148,192,739	91,617,215	239,810,954
Total One-Time Only		58,594,403	114,551,859	371,381,523
Total On-Going Spending		1,678,052,307	1,781,155,105	3,459,207,412

Dear _____:

I know that you have many responsibilities and constituencies to whom you must be accountable. We have spoken in the past regarding many issues around school funding and the configuration of districts. I know there is more progress to be made in several areas, but as I review the bills you will see before you today; I need to advocate for Senate Bill 152.

Kalispell, as a growing district, that is about to open a middle school with an additional 50,000 square feet and a second high school is in dire straits regarding operating revenues given the distribution funds under the current formula. It is imperative that we have an increase in the per building allocation and additional ANB support as well as the ability to draw full ANB if our district chooses to implement full day kindergarten.

As it currently stands we have already cut \$640,000.00 from next year's K-8 budget due to the increased building costs at KJHS as it takes over the responsibility for the entire building (ninth grade is leaving so can no longer financially support this site).

At the high school (9-12) level we need to pass a levy of \$645,000.00 in order to operate the second high school, double the opportunities in activities and athletics and hire the additional support staff to run two schools. I am very concerned that we will not be able to pass this levy because the public does not understand that the bond built the school but only levy can augment the General Fund to pay for any of the day to day costs of running it.

I just had a call (one of many) from a member of the public who told me that even though they supported education they could not support this levy because they can no longer afford to add to their taxes.

I appreciate your representation of our community and I believe that you know enough about me to realize that I would only ask your support for items that I think are really necessary to continue to provide the educational opportunities we have here in Kalispell.

Thanks
Darlene Schottle



East Helena Public Schools

School District No. 9

P.O. Box 1280 * East Helena, MT. 59635

Superintendent/ Administration Office (406) 227-7700

Eastgate Elementary School (406) 227-7770 * Radley Elementary School (406) 227-7710

East Valley Middle School (406) 227-7740

"Success For All"

April 2, 2007

Dear Senate Finance and Claims Committee,

For the record, my name is Ron Whitmoyer, Superintendent, East Helena. I am unable to attend your session today due to other commitments. I have some serious concerns about HB 809 without a significant revision of the funding levels to levels that were proposed by the Montana Quality Education Coalition (MQEC).

In East Helena Public Schools we have written the following statement for distribution to parents as a result of School Board action in March.

School Election, May 8th

The East Helena Board of Trustees has placed a \$91,000 mill Levy on the ballot for taxpayers to decide to support or reject. The purpose of the levy is to maintain enough money in the budget to fund the purchase of textbooks, to maintain extra student activities such as evening music performances, athletic events and other after school activities as well as training for staff and classroom supplies.

The Board had to make a very difficult decision to bring this issue to the voters. Currently the legislature is deciding on funding levels for schools. This levy request is based upon the current funding information available to the school district as they plan for next year. Since actual budgeting by the school board is not finalized until August, the Board will have the ability to not use this levy should the legislature provide adequate funding to support the school district programs and the levy would pass. Since the Board values these programs and services for students they decided not to risk the student's educational programs on the unknown actions of the legislature.

Clearly this information should make you aware of the significant funding challenges faced by the schools without further support of amendments to HB 809. The East Helena Schools ask that you would consider significantly increasing the funding provided in the bill. Schools need the funds proposed by the MQEC to manage the needs of providing a basic education for our students.

I urge you to support these amendments to this legislation on behalf of students and their families.

Respectfully submitted,

Ron Whitmoyer

Ron Whitmoyer
Superintendent